

SECRET

Journal - Office of Legislative Counsel
Thursday - 25 June 1970

Page 2

STAT

3. ([redacted]) Met with Ralph Preston, Staff Assistant, House Appropriations Committee, and gave him the OER paper on the effects of the war on the Cambodian economy, in which the Committee had expressed an interest.

I told Preston of Chairman Henderson's suggestion that a letter to each member of the Henderson Subcommittee supporting an exemption from S. 782 for the Agency would be useful. Preston said he would see if Mahon would be willing to write separate letters rather than a single letter to the Chairman.

STAT

4. ([redacted]) At their request, met with Messrs. Pat Holt and Art Kuhl, Senate Foreign Relations Committee staff, who said the Committee wished to hear from the Director in the near future--preferably Tuesday or Wednesday, 30 June or 1 July, or sometime between 7 and 10 July of the following week--on:

25X1C

- b. Middle East situation.
- c. Far East situation.
- d. Recent European developments, especially status

25X6

[redacted]
I said I would check with the Director and let them know the results.

25X1C

25X1C

Later Carl Marcy, Staff Director of the Committee, told me that Senator Pell had expressed concern over [redacted]

[redacted] and would like me to come over and discuss it with him. I asked whether Pell was aware that this might be covered in an early meeting with the Director. Marcy explained what had transpired in this morning's executive session of the Committee, during which Pell apparently wasn't listening when the Committee decided to call the Director. Marcy said Pell was troubled by the apparent fact that [redacted]

25X1C

25X1C

[redacted] and wanted me to come over and discuss the matter. I said I would follow up with a call to Pell.

25X1C

Marcy also apologetically explained that Fulbright, during this morning's session, had commented that the Director had indeed briefed him [redacted] but Fulbright couldn't remember what the Director had said and we therefore would have to run through the whole thing again.

SECRET

Secret

No Foreign Dissem



DIRECTORATE OF
INTELLIGENCE

Intelligence Memorandum

The Impact Of The Fighting In Cambodia On The Economy

Secret

ER IM 70-85
June 1970

Copy No. **49**

WARNING

This document contains information affecting the national defense of the United States, within the meaning of Title 18, sections 793 and 794, of the US Code, as amended. Its transmission or revelation of its contents to or receipt by an unauthorized person is prohibited by law.

GROUP 1 EXCLUDED FROM AUTOMATIC DOWNGRADING AND DECLASSIFICATION

~~SECRET~~

No Foreign Dissem

CENTRAL INTELLIGENCE AGENCY
Directorate of Intelligence
June 1970

INTELLIGENCE MEMORANDUM

The Impact Of The Fighting In Cambodia
On The Economy

Introduction

The VC/NVA incursions into eastern Cambodia and widespread insurgent activities throughout the country have cut major rail and road arteries, disrupted domestic trade, reduced both exports and imports, damaged major rubber plantations, and reduced the output of Cambodia's small modern industry. This memorandum explores the damage and evaluates its implications for the Cambodian economy.

Damage to Cities and Towns*

1. Most of the major towns to the south, east, and north of Phnom Penh have incurred substantial damage as a result of the hostilities. Towns subjected to enemy attacks include 15 of 19 provincial capitals, four of which were in enemy hands as of 20 June.

2. For the most part, the damaged towns function as trading centers and the seats of local

** For a comprehensive listing of towns sustaining damage and comments on the nature of the hostilities in which they were involved, see Appendix A.*

Note: This memorandum was produced solely by CIA. It was prepared by the Office of Economic Research and was coordinated with the Office of Current Intelligence and the Director's Special Assistant for Vietnamese Affairs.

~~SECRET~~

No Foreign Dissem

SECRET

government. Few contain any industry other than facilities for the milling and storage of rice or the preliminary processing of other agricultural products, and few have populations of more than 10,000.

3. Several towns with populations of a few thousand or less were largely destroyed -- Phkbal Pou, Mimot, Saang, Snuol, Sre Khtum, and Tonle Bet. Few of the larger towns have been seriously damaged. However, the provincial capital of Takeo, which has a population of about 10,000, was about 10% destroyed in repulsing some 30 enemy assaults over a two-week period in May. The largest city damaged has been Kompong Cham, with a population of about 40,000 and also a provincial capital. Enemy forces withdrew from the city under Cambodian air and ground fire on 17 May, but have remained in the area to harass its defenders. Aerial photography shows little damage in Kompong Cham, but defending artillery fire destroyed Tonle Bet in the course of dislodging the Communists from that village located just across the Mekong from Kompong Cham.

Transport Disruptions

4. Interdictions to transport routes have already caused serious internal distribution problems, and caused the virtual cessation of exports and greatly reduced imports (see Figure 1). International maritime trade through the port of Phnom Penh was suspended on 25 April. Since then, only two merchant ships (both Cambodian flag) have called at the port bringing small amounts of lubricants and aviation gas from Singapore. Normally, Kompong Som could easily handle maritime trade diverted from Phnom Penh, but it has been almost completely cut off from the interior by Communist interdictions of roads and railroads.* Since late April, major segments of the Kompong Som - Phnom Penh railroad and Route 3 have remained under enemy control. The Communists have pulled out about 75 ties on the railroad east of Kampot and are also reported to have destroyed three or four bridges (unlocated and unconfirmed) along the rail line. The enemy has also damaged or destroyed six bridges

* *Ships are still arriving in Kompong Som to discharge cargoes, but in smaller numbers.*

SECRET

SECRET

on Route 3, five north of Angtassom, and one in the vicinity of Chakrei Ting.

5. Route 4, the only other all-weather road linking Kompong Som with central Cambodia, has been closed since 12 June when fighting began in the city of Kompong Speu. Before interdiction, the route was the only remaining means of supplying Phnom Penh with essential imports and with petroleum products from the country's only refinery at Kompong Som. Even if Route 4 can be reopened, large concentrations of Viet Cong forces just south of it will make the road insecure, and arrangements are being made for delivery of petroleum products via alternate road and rail routes through Thailand. The rail line from Phnom Penh to the Thai border is presently blocked. On 17 June, an estimated enemy battalion captured approximately 1,000 tons of rice from a supply train in the town of Krang Lovea, only 40 miles northwest of Phnom Penh. The Communists still hold the town, but government reinforcements have reportedly been sent. Prior to this incident the line had been open only as far as Sisophon, but portions of track between Sisophon and Poipet (on the Thai border) that were torn up long ago by Khmer Serei elements were being replaced.

6. Route 5 has been interdicted in the vicinity of Kompong Chhnang. Furthermore, bridge capacities would severely limit truck cargoes on this route. (One bridge between Phnom Penh and Battambang has a maximum capacity of 8 tons, while another between Battambang and Poipet has a maximum capacity of only 4 tons.)

7. Route 6, the only other major road connecting Cambodia with Thailand, has been closed by recent fighting centered in the provincial capitals of Kompong Thom and Siem Reap. In any case, while negotiations on cross-border traffic with the Thais continue, Thai border stations are apparently still unauthorized to clear commercial cargo out of Thailand.

8. In strategic northeastern Cambodia, the Communists have continued to extend their control

SECRET

~~SECRET~~

over land and water routes. Enemy forces control Route 13 from just north of Snuol to the Lao border. Six bridges have been damaged or destroyed between Snuol and Stung Treng. Route 15 is also closed, with a total of six bridges destroyed, five of which are located south of Prey Veng town, and have been made passable by ARVN's use of military bridging and a ferry. Route 19, except for the segments in the besieged towns of Labansiek and Bo Kheo, is in enemy-occupied territory, and the bridge over the Srepok River is reported to have been destroyed. Seizure of the towns of Kratie and Stung Treng has consolidated Communist influence over the Mekong River north of Kompong Cham and over the river's important tributaries, the Tonle Kong, Tonle San, and Tonle Srepok, providing the enemy with an all-weather logistics route southward from Laos into eastern Cambodia and South Vietnam.

9. The Communists' objectives in moving into areas well west of the Mekong are still unclear. Recent capture of the towns of Phnom Dek and Phum Rovieng gives the enemy control of Route 12 north of Kompong Thom and may indicate his intent to secure a logistics corridor west of the Mekong, to open contact with the large Vietnamese population in the lake area, and possibly to gain access to the major food producing region of the Tonle Sap for supply over Route 12 to forces in the large rice-deficit area encompassing Kratie, Ratanakiri, Mondolkiri, and adjacent provinces in South Vietnam. This route could provide a more secure supply corridor for the Communists, if ARVN operations continue in the eastern border region.

10. In southeastern Cambodia, ARVN clearing operations and the installation of military bridging temporarily opened Route 1 to traffic under armed escort. A total of seven bridges have been damaged or destroyed on Route 1. Route 7 is closed to through traffic from the junction at Route 6 east to Kompong Cham. East of Tonle Bet two bridges have been damaged on Route 7 -- one, in the vicinity of Phum Krek, has been damaged extensively. In the Fishhook Operation Area, the road is open under armed escort.

~~SECRET~~

SECRET

Rice Situation

11. In January of this year the Cambodians harvested a bumper crop of almost 3 million tons of paddy. Only five of Cambodia's 19 provinces had rice deficits, and only two of the five had what would be called significant deficits. Phnom Penh is the major market for rice, requiring about 75,000 tons of milled rice this year for its 400,000 inhabitants.*

12. Rice marketing in Cambodia reached a peak in the first quarter but continues through the remainder of the year. It is normal practice for many farmers, millers, and merchants to store rice and to make most of their sales at seasonally higher price levels in the last half of the year. Only farmers who are in debt or who are contracted to government procurement agencies must sell their rice at harvest time. Others in need of cash to pay for land preparation, fertilizer, and other production inputs sell some time before the end of June in order to get planting started for the next season. Thus, at the present time a very large portion of surplus stocks in Cambodia scheduled to be marketed in the latter part of the year is still in the countryside, in the hands of large farmers, millers, and merchants who can afford to hold rice for a year or longer.

13. No serious rice shortages have yet been reported anywhere in the country. Rice flows from Battambang Province to Phnom Penh, most of which move by rail, were proceeding normally, until the line was temporarily blocked on 17 June, and exportable surpluses have backlogged in the capital as a result of the interruption of merchant shipping on the Mekong and inability to move rice to the other maritime port at Kompong Som. Rice surpluses have probably accumulated in other market centers as well.

14. Cambodia's exports of rice -- traditionally about 50% of the value of exports -- will undoubtedly

** Communist demands for rice to replace losses incurred as a result of Allied operations will be relatively small. Some 6,700 tons of rice have been lost as a result of the ARVN and US actions against the enemy's Cambodian base areas, a small amount compared to the large stocks of rice available in most areas of Cambodia.*

SECRET

SECRET

be far below what they would have been if the South Vietnamese war had not involved Cambodia. Exports of rice (and bran) amounted to only about 100,000 tons in 1969 compared with 230,000 tons in 1968 and 564,000 tons in the peak year of 1964. Prospects immediately after this year's harvest suggested that exports would again approach one-half million tons. It appears that not more than 100,000 tons had been exported as of 1 June and that the widespread disruptions to normal transport and trade patterns and the possible development of rice hoarding will preclude large rice exports for the remainder of the year.

The Rubber Industry

15. Cambodia's rubber producing plantations, largely located in Kompong Cham Province (see Figure 2), have been heavily damaged by the fighting in Cambodia. Damage has been reported to five plantations, located at Chup, Mimot, Snuol, Phum Krek, and Prek Kak and to rubber processing facilities at Chup and Mimot. The facilities at Chup, the largest plantation (12,500 hectares) in the country, account for nearly 30% of Cambodia's total output of natural rubber.

16. Cambodia produced 52,000 tons of rubber in 1969,* of which the large French-owned and operated plantations account for over 90%. The only significant Cambodian holding is a state-owned and operated plantation at Lomphat in Ratanakiri Province, currently believed to cover about 3,000 hectares. Government forces abandoned the area in early June in the face of heavy enemy pressure.

17. The labor force employed at major French plantations is predominantly ethnic Vietnamese. Information on the size of the labor force engaged in rubber production (plantations of 500 hectares

** Cambodia ranks sixth among the world's producers of rubber. Although production is equivalent to only 2% of world output, rubber is extremely important to Cambodia's small economy, accounting for 21% to 37% of foreign exchange earnings in recent years.*

SECRET

SECRET

or more) suggests that the number of workers is on the order of 20,000 to 25,000 persons. Recent fighting in and around the plantations close to the South Vietnamese border have forced the evacuation of a number of plantations and the removal of employees to safer areas in Cambodia or South Vietnam. Reports indicate that many French nationals, the managerial talent of the rubber industry, are leaving the country.

18. A sharp decline in rubber output this year is likely. Heavy damage has been reported to the facilities for converting the raw latex into a more purified and standardized grade and into easily transportable form. At Mimot, for example, damage was reportedly heavy and included the destruction of receiving vats, dryers, rotary cutters, laboratory facilities, and partial damage to the electric power station. Detailed listings of specific damage at other plantations are not available, although cursory reporting on fighting in and around Chup stated that damage to equipment and rubber stocks on hand was extensive. Even where the rubber can be processed, it will be difficult to get it to Phnom Penh because of the disruption of transport routes. If the French managers and many of the skilled Vietnamese leave, output will probably cease altogether. With the return of secure conditions, processing facilities could be repaired quickly and output could soon be resumed but probably at a reduced level. Rubber trees that are damaged by bombing or artillery fire usually die, and a prolonged lack of maintenance reduces their productivity significantly. Damage from these sources is probably still small but could become serious if fighting and insecurity persists in the area for a long time.

19. In recent years, rubber has accounted for between 21% and 37% of the value of Cambodia's exports. (In 1968, the last full year for which exports by value are available, rubber earnings were \$19 million.) Even if exports of rubber can be resumed this year, exports in 1970 will be much below the 47,000 tons exported in 1969.

SECRET

~~SECRET~~

Manufacturing Disruptions

20. The fighting in Cambodia has seriously disrupted the output of Cambodia's small modern industry.* Heavy physical damage has been done to a few plants, and there are reports of widespread shortages of raw materials and labor. Shortages of raw materials have resulted from transportation disruptions and a cutback in imports of some raw materials.

21. Labor shortages have resulted for a number of reasons. Many skilled Vietnamese workers have been driven from their jobs by the hostility of the Cambodians. A sizable portion of the younger workers have volunteered for or been conscripted into the army, and other workers have been reported to be staying off the job for fear of the war and the draft.

22. Industry in Cambodia is largely concentrated in the Phnom Penh area and a few other small urban centers located mostly in the southeastern areas of the country. Phnom Penh, the largest manufacturing center, has a thermal-electric generating capacity of only 54,000 kilowatts (compared with 216,000 in Saigon). Many of the other urban areas with small concentrations of manufacturing plants have an electric generating capacity of less than 1,000 kilowatts. Manufacturing is heavily oriented to light industrial production -- textiles, sugar refining, soft drinks, beer, paper, and plywood. Other industries include small shipyards that manufacture river boats, a small cement plant, and a small plant in Kompong Som (formerly Sihanoukville) that assembles about 600 trucks and tractors annually.

23. War damage is reported to have caused the country's only cement plant, located at Chakrei Ting in the southern portion of Kampot Province, to cease production. Damage has also been done to the government-owned paper mill in Chhlong, located on the eastern bank of the Mekong in Kratie Province. This town has been the site of considerable combat and is presently controlled by the

* For a list of significant Cambodian industries, see Appendix B.

~~SECRET~~

SECRET

Communists. Production has ceased at the mill which normally employs about 350 workers and produces about 5,000 tons of paper annually.

24. Other plants of significance to the Cambodian economy are located in cities and towns that are still under the control of the Cambodian government but are surrounded by areas under Communist influence. In Kompong Cham, for example, the government continues to control the city, but the Communists control much of the surrounding area. Two cigarette factories employing 1,100 workers, a textile mill employing 1,000 workers, and a match factory employing 250 people are located in Kompong Cham. A fertilizer plant located at Tuk Meas employs about 50 people and produces 12,000 tons of phosphate fertilizer annually. The plant is close to sources of phosphate, but Communist control of surrounding areas will make shipment of the finished product difficult.

Petroleum Situation

25. There are no indications of any major shortages of petroleum in Cambodia. There have been no reductions in electric power from plants operating on petroleum, and gasoline supplies apparently have been adequate. Phnom Penh has storage capacity for nearly 24,000 tons of petroleum, enough for more than a month's consumption at the pre-war rate. Probably about three-quarters of the country's total consumption of petroleum -- about 800 tons a day -- occurs in or near Phnom Penh. We do not know the stocks on hand in Phnom Penh at the time fighting broke out or since. Reports of the supplies of oil in Phnom Penh vary from a Cambodian estimate of two weeks' requirements (which has been repeated for longer than that) to a US company's estimate of 35 days' requirements.

26. Cambodia's only petroleum refinery at Kompong Som, with an annual output of 400,000 tons, was closed from 6 to 20 May because of storage problems that arose when shipments from the refinery to the interior of the country were impeded. With Route 4 now closed the refinery may face another shutdown. In the interim 30-day

SECRET

period, the refinery was operating at at least one-half of capacity -- that is, producing at least 500 tons per day. Whether this much oil could have been moved to Phnom Penh with the tank trucks available, however, is questionable. Before current hostilities, most of the oil moved by rail. Also, in the past two weeks Cambodian-flag ships have ventured to deliver two shipments of petroleum products (one of lubricants and one of aviation gasoline), totaling 1,600 tons, via the Mekong to Phnom Penh. Unless the security situation along the Mekong River deteriorates further, it may continue to serve as an alternative to the routes from Kompong Som.

Supply of Consumer Goods

27. In spite of the severe disruption of trade and transportation, there is as yet no evidence of serious shortages of food in Cambodia. The price of rice in Phnom Penh has held steady owing to deliveries from Battambang and large stocks of rice intended for export but held in Phnom Penh for lack of transportation. The smaller cities apparently also have adequate rice supplies. There is little information on supplies of other consumer goods, but Cambodian needs are simple and few. The government will probably be unable to buy any additional rice from the peasants to feed the army, but the stocks of export rice are considerable and the army can commandeer whatever it needs if severe disruption continues for several months. Shortages probably will develop as government rice stocks are drawn down and because peasants probably will hold on to their stocks. The extent of the problem obviously will depend on the extent of the disruption to transportation routes. It will be greatest in the cities where employment and incomes will be most depressed by the disruption of trade and industrial activity and where people depend on deliveries of agricultural and imported goods.

Financial Problems

28. Government revenues, largely from custom duties and sales taxes, have been seriously affected by disruption to foreign and domestic commerce,

SECRET

~~SECRET~~

while expenditures continue to soar as a result of the mobilization effort.

29. Although defense allocations for 1970 were about 40% larger than in 1969, most of the increase was to cover pay raises and about a 5% force increase. The approximately \$40 million allocated for personnel costs was to cover about 40,000 regulars rather than the approximately 100,000 now in uniform. The estimated 60,000 men recruited since early March will increase annual personnel costs by more than \$20 million. There are reports that the military payroll already is several months in arrears.

30. There are few possibilities for meeting increased military expenditures through diversion of funds originally budgeted for civilian purposes. Defense costs, even at pre-mobilization levels, took a large slice of the pie -- accounting for about one-third of total budget allocations for the past several years. Capital expenditures are already small, and the government probably does not want to risk cutting civil service employment or wages substantially.

31. Thus the government will have to print money to pay the army. There are no indications as yet that it has done so, but there is evidence that some army units have not been paid at all. While the money supply will probably expand, the supply of imported and domestic goods will be lower than before the war, even if the security situation improves. The result of rising demand and reduced supply is bound to be inflation, which will increase dissatisfaction with the Lon Nol government, especially in Phnom Penh. The value of the Cambodian riel has rapidly depreciated in recent weeks, largely as a result of Chinese and Vietnamese rushing to convert their liquid assets to hard currency,* reflecting growing uncertainty about the future.

32. If the government survives the immediate military threat to its existence, Lon Nol will

* *Just after devaluation in September 1969 the Cambodian riel was quoted at CR 60 = \$1. Recent black market quotations are as high as CR 145 = \$1. The official rate of exchange is CR 55.5 = \$1.*

~~SECRET~~

~~SECRET~~

face a difficult foreign exchange problem. Gold and foreign exchange reserves amounted to \$66 million at the end of 1969, equivalent to about eight months' imports at the 1968 level. These reserves thus are ample to cover Cambodia's import needs, which are sharply reduced by disruptions, for a long time even if exports cease altogether. But if the security situation stabilizes, import needs will increase to help cover the increased demand resulting from higher military spending while export earnings will be lower -- and perhaps much lower -- than before the war. Foreign aid will then be needed to close the foreign exchange gap and to moderate domestic inflation.

Summary

33. The wide-ranging VC/NVA incursions into Cambodia have interdicted all of the major lines of communication linking Phnom Penh with the rest of the country. Communist forces have attacked 15 of the 19 provincial capitals and are at present occupying four of them. In addition to their military and political impact, the interdictions have greatly disrupted normal economic activities.

34. The interruption of maritime shipping on the Mekong to Phnom Penh and interdictions of road and rail connections with Kompong Som have greatly curtailed foreign trade. Interdictions of rail and road connections out of Kompong Som combined with shortages of trucks have greatly restricted the distribution of petroleum products from the refinery at Kompong Som, although as yet there have been no reported shortages of petroleum in Phnom Penh. Cambodia's small modern industry is at a virtual standstill.

35. Foreign exchange earnings have been curtailed because of Cambodia's inability to export a bumper crop of rice and because the hostilities have seriously damaged major rubber plantations and their latex processing facilities. The two commodities normally account for about 80% of the nation's export revenues. Tourism, which had become an important source of foreign exchange in recent years, has ceased.

~~SECRET~~

~~SECRET~~

36. At this time, however, the major threat facing the Lon Nol government is the enemy's military forces, not economic problems. The fact that the Cambodian economy is simple and pre-dominantly agricultural greatly restricts the impact of the disruptions. At present, moreover, there is plenty of rice, both in the countryside and in Phnom Penh; the demand for consumer goods can be met largely by handicraft industries; and there are ample foreign exchange reserves to buy any imports that can be distributed for many months. If severe disruptions continue, however, the urban dwellers, especially those in Phnom Penh who are largely dependent on earnings from trade and industry, will have an increasingly difficult time. As shortages and inflation develop, the urban middle-class, which provides the nucleus of Lon Nol's political support, could become increasingly disenchanted.

37. If the Lon Nol government succeeds in surviving the present Communist offensive and re-establishing effective national control over at least a substantial area of the country, the government will be faced with longer term economic problems. Under these circumstances, Cambodia lacks the material and the financial resources to fight a war without substantial infusions of aid, both military and economic.

SECRET

APPENDIX A

Cambodian Towns Damaged by the Hostilities

Province	Town	Population (Estimated)	Remarks
Kampot	Kampot	15,000	Provincial capital. Fishing and commercial port. Parts held by enemy for few days in April-May.
	Kep	9,000	Beach resort. Raided on 25 April. Occupied by enemy force for one day on 14 May.
Takeo	Angtassom	2,300	Astride Routes 3 and 25. Assaulted several times in late April and early May. Held briefly by enemy.
	Takeo	10,000	Provincial capital. About 10% of the city destroyed in repulsing about 30 enemy assaults.
	Tram Khnar	1,600	Encircled and attacked by enemy on 18-19 May.
	Phkbal Pou	1,800	About 50% destroyed in May.

Province	Town	Population (Estimated)	Remarks
Kandal	Neak Luong	<u>a/</u>	Mekong ferry crossing on Route 1. Occupied by enemy 4-7 May. Retaken by ARVN forces on 8 May. Light damage.
	Saang	3,000	A fishing and farming community. Captured by enemy battalion on 19 April. Largely destroyed by Cambodian troops retaking town on 23 April.
	Setbo Leu	800	Taken by enemy on 3 June. Retaken by Cambodian forces 5 June.
Prey Veng	Prey Veng	13,000	Provincial capital. Partially occupied during heavy fighting 28 May-1 June. Attacked again in mid-June. Extensive damage.
Svay Rieng	Ba Thu	<u>a/</u>	In path of ARVN sweep in early May. Extensive damage.
	Chipou	<u>a/</u>	Attacked 4-7 April. Exchanged hands on 7 April.
	Svay Rieng	14,000	Provincial capital. Attacked by enemy several times in April, May, and June.

a. Less than 5,000.

Province	Town	Population (Estimated)	Remarks
Kompong Thom	Beng Lovea	1,600	Taken by enemy on 19 May.
	Kompong Thom	12,000	Provincial capital. Besieged by enemy since 4 June. Heavy casualties among defending Cambodian units. Subjected to mortar and artillery fire.
	Tang Krasang	4,800	Taken by enemy in late May.
Kompong Cham	Chup	16,000	Town and nearby rubber plantation extensively damaged. Occupied by enemy and retaken by ARVN air and ground attack in late May.
	Mimot	4,500	Town and large neighboring rubber plantation extensively damaged. Taken by enemy on 1 May. Retaken by air and ground assault on 4 May.
	Kompong Cham	40,000	Provincial capital. Large cigarette and textile factories. Ferry crossing on west bank of the Mekong (Route 7). Enemy driven out of air by air and ground attacks on 17 May. Frequently harassed by enemy.
	Prek Kak	1,700	Taken by enemy in late May.

Province	Town	Population (Estimated)	Remarks
	Tonle Bet	1,900	Ferry crossing on east bank of the Mekong (Route 7). Held by enemy 20-25 May. Devastated by Cambodian artillery fire. Attacked again 12 June.
Kompong Speu	Kompong Speu	8,000	Provincial capital. Held by enemy 12-14 June. Center of city heavily damaged.
Kratie	Chhlong	a/	Taken by enemy in early May. A major paper mill put out of production.
	Kratie	17,000	Provincial capital. Fishing and commercial port. FANK ordnance depot. Taken by enemy on 7 May.
	Snuol	800	Taken by enemy on 1 May; 90% destroyed by US air and ground fire on 6 May.
Mondolkiri	Sre Khtum	1,000	Occupied by enemy in early May. Completely destroyed by US attacks on 10 May.
	Senmonorom	1,000	Provincial capital. Occupied by enemy in early May.

a. Less than 5,000.

Province	Town	Population (Estimated)	Remarks
Stung Treng	Stung Treng	5,000	Provincial capital. Surrendered to enemy after light resistance on 16-17 May.
Ratanakiri	Bo Kheo	1,400	Trading post. Attacked repeatedly since April.
	Labansiek	200	State agricultural center. Besieged since April.
	Lomphat	4,000	Provincial capital. Abandoned on 2 June.
Siem Reap	Angkor	1,100	Tourist center. Attacked 5 June. Declared open by FANK and occupied by enemy.
	Siem Reap	15,000	Provincial capital. Heavy fighting in and around city and airfield on 5-11 June.
Preah Vihear	Phnom Thbeng Meanchey	a/	Provincial capital. Enemy attack repulsed 5 June. Small enemy units attempted to infiltrate on 15 June.
Kompong Chhang	Kompong Chhang	15,000	Provincial capital. On Route 5. Attacked 15 June.

a. Less than 5,000.

<u>Province</u>	<u>Town</u>	<u>Population (Estimated)</u>	<u>Remarks</u>
	Amleang	125	Taken by enemy on 6 June.
	Krang Lovea	<u>a/</u>	Railroad station occupied by enemy on 17 June. Two loco- motives put out of commission.

a. Less than 5,000.

SECRET

SECRET

APPENDIX B

Significant Cambodian Industries

Location	Product	Employment	Annual Capacity	Aid Project	Year Completed
Battambang	Cotton cloth	1,500	796 tons	Communist China	1967
	Cotton cloth and thread	900	1,400 tons		
	Jute bags	200 a/	1.7 million bags a/		
	Lumber	400	126,000 m ³		
Khum Chakrei Ting	Cement	460	100,000 tons b/	Communist China	1964
Chhlong	Paper	343	5,000 tons	Communist China	1961
Kompong Cham	Cigarettes	300	360 million	Communist China	1955
	Cigarettes	770	1.8 billion		1955
	Cotton cloth and thread	1,000	1,300 tons		1961
	Matches	250	2.25 million boxes		
Kompong Tram	Sugar	300	9,000 tons	Czechoslovakia	1966
Phnom Penh	Processed food (6 factories)	364	60,000+ tons		
Suburbs within 25 km:					
Ang Snuol Chak Angre	Dry cell batteries	50	5,000 dozen		
	Dry cell batteries	58	50,000 dozen		
	Boats	329	1,200 tons		
	Cloth	220	3.6 million meters		
	Jute bags	a/	a/		
	Ice	28	6,000 tons		

SECRET

- 21 -

SECRET

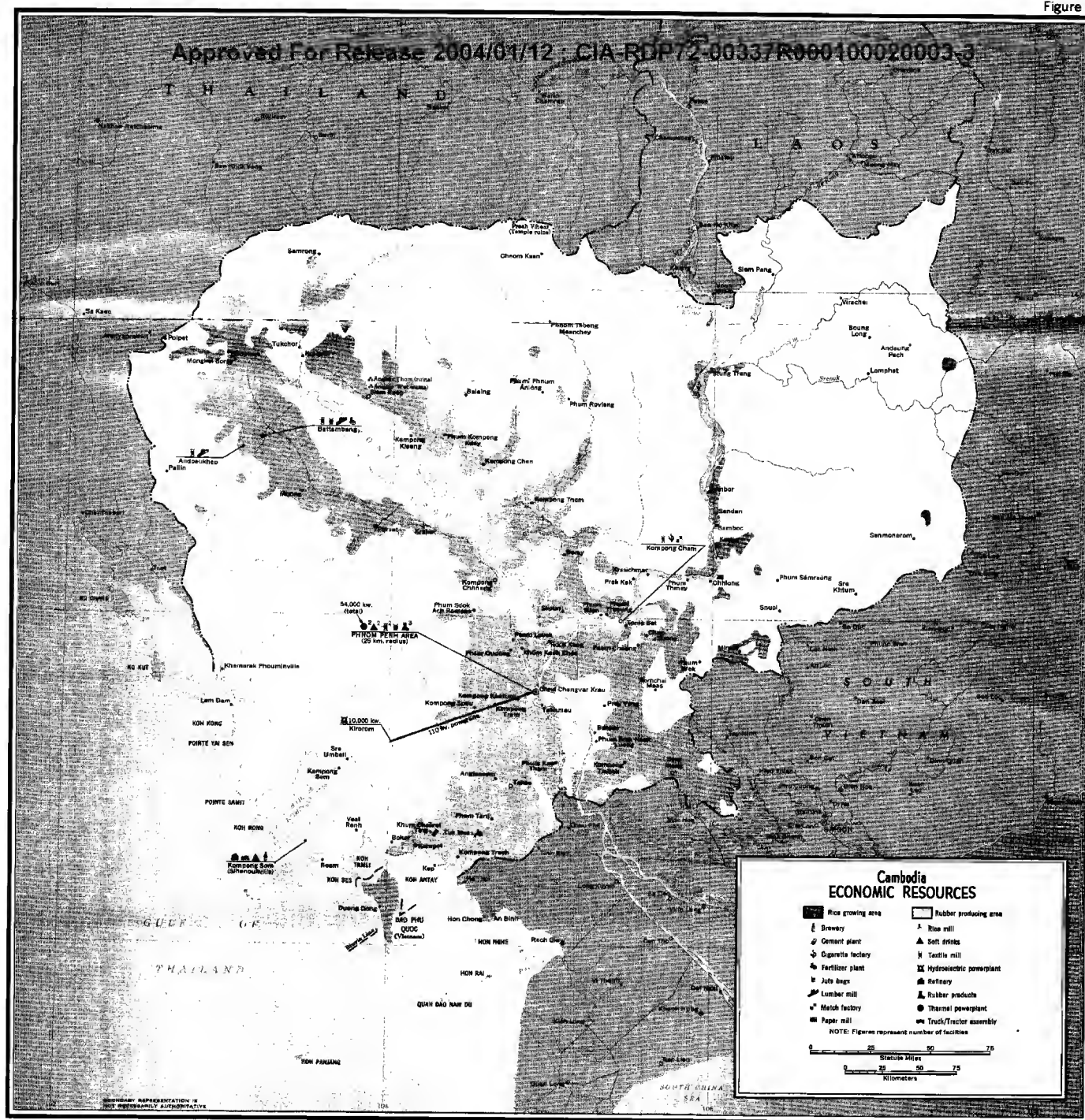
Location	Product	Employment	Annual Capacity	Aid Project	Year Completed
Suburbs within 25 km: (Continued)					
Dey Eth	Plywood	350	3,600 m ³	Communist China	1961
Kampoul	Cigarettes	250	685 million		1955
Roka Kong	Cigarettes	235	540 million		1956
Russey Keo	Beverages and alcohol	407	68,000 hectoliters		
	Compressed gases	59	440,000 m ³		
Stung Meanchey	Glassware	250	36,000 tons	Communist China	1967
Takhmau	Automobile tires and tubes	177	180,000 pieces	Czechoslovakia	1966
Kompong Som (Sihanoukville)	Beverages		100,000 hectoliters		1967
	Petroleum		400,000 tons	France	1969
	Truck and tractor assembly		600 units	Czechoslovakia	1967
Stung O Chral	Munitions	600	9 million rounds c/	Czechoslovakia	1966
Tuk Meas	Phosphate fertilizer	50	12,000 tons		1966

a. Employment and output in conjunction with Chak Angre plant.

b. A second kiln was added in late 1969, raising production from 50,000 tons.

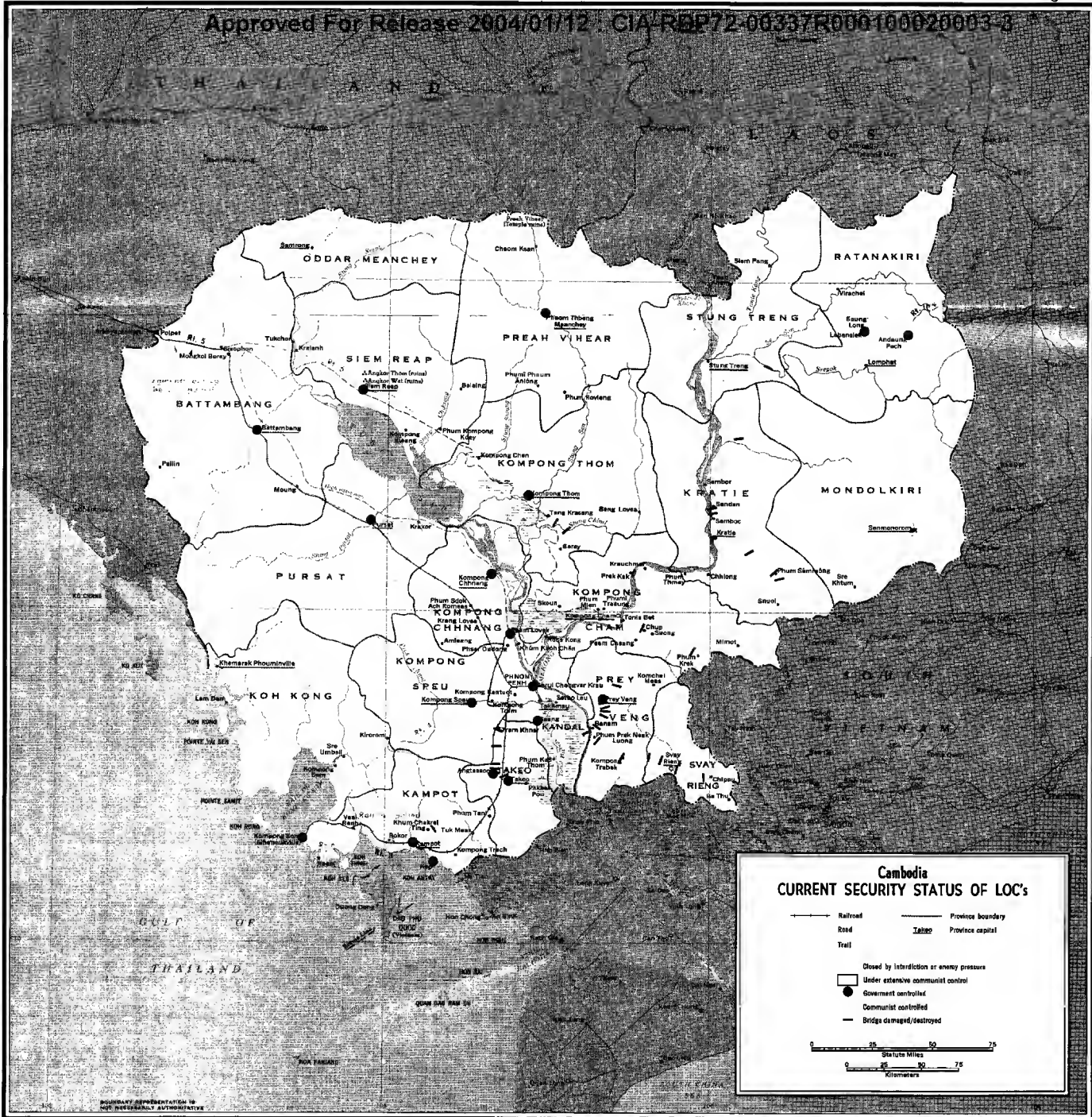
c. Small arms ammunition for Free World weapons, in calibers from 7.5 mm to 9.0 mm. After delays and trial runs, it appears that actual production began in early 1969.

Figure 2



SECRET

Figure 1



Secret

Secret